



House Budget Committee

Democratic Caucus

U.S. Rep. John Spratt ■ Ranking Democratic Member

222 O'Neill Building • Washington, DC 20515 • 202-226-7200 • www.house.gov/budget_democrats

October 23, 2000

The 106th Congress Breaks the Record for Domestic Spending Increases

Dear Colleague:

The attached staff report shows that the 106th Congress is on track to increase domestic appropriations faster than any Congress since the Congressional Budget Act went into effect two dozen years ago.

The report makes several additional points:

- On average, domestic appropriations rise faster under Republican Presidents than Democratic President — except during the Reagan administration.
- On average, domestic appropriations rise faster when the House is Republican than when it is Democratic.
- On average, domestic appropriations will rise far faster under the 106th Congress than when *both* the Presidency and Congress are Democratic.

In short, while President Reagan cut domestic spending as promised, Republican Presidents and Congresses before or since have generally increased domestic appropriations, and at a rate greater than the Democrats. The report suggests that the recent breakdown in the Congressional budget process, in which the Republican Leadership no longer makes a pretense of living within its own budget plans, is an important reason for the especially high growth rate produced by the 106th Congress.

If you have any questions, please call me or the Budget Committee's Democratic staff at 226-7200.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member



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106th Congress Breaks the Record for Non-Defense Spending Increases

**JOHN M. SPRATT, JR.
RANKING MEMBER**

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.



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The 106th Congress is on track to increase non-defense appropriations at historically high rates

The 106th Congress is on track to increase spending for non-defense appropriations¹ at a rate of 5.2% per year above inflation. This result would be the fastest real growth rate achieved by any of the thirteen Congresses since the Congressional Budget Act of 1974 went into effect.

Table 1: Growth of Non-defense Appropriations by Congress

Average annual percent change in real outlays, adjusted for timing shifts

Congress	House Majority	Average % growth
106 th (1999-2001)	Republican	5.2%
94 th (1976-1977) ²	Democratic	5.1%
102 nd (1991-1993)	Democratic	4.2%
95 th (1977-1979)	Democratic	4.3%
101 st (1989-1991)	Democratic	3.4%
100 th (1987-1989)	Democratic	3.0%
98 th (1983-1985)	Democratic	2.8%
105 th (1997-1999)	Republican	2.4%
103 rd (1993-1995)	Democratic	1.7%
96 th (1979-1981)	Democratic	0.2%
104 th (1995-1997)	Republican	-1.2%
99 th (1985-1987)	Democratic	-3.4%
97 th (1981-1983)	Democratic	-7.3%

¹ Throughout this analysis, the term “non-defense appropriations” is used to refer to outlays for discretionary programs outside of the national defense function, i.e. non-defense discretionary outlays.

² The data for the 94th Congress reflect only its second session, which was the first year in which the budget resolutions were enforced by House and Senate procedures.

Since enactment of the Congressional Budget Act, non-defense appropriations have grown an average of 2.1% per year when Republicans controlled the House of Representatives and 1.2% per year when Democrats controlled the House. Because there have only been three Congresses controlled by Republicans during this period, it is not clear how conclusive those averages are.

This report uses figures for the 106th Congress and the Clinton Administration as a whole that are based on conservative assumptions about the ultimate outcome of non-defense appropriations for FY 2001. Specifically, the growth rates are premised on the assumption that the outstanding appropriations bills, most significantly the Labor-HHS-Education bill, will ultimately produce only \$1.9 billion in outlays more than the versions of those bills approved by the House to date. Note that the nine conference agreements for FY 2001 approved by the House to date exceed President Clinton's request by a total of \$11.4 billion in outlays, and that the nine conference agreements and the other four House-passed appropriations bills in total exceed the outlay target in the FY 2001 budget resolution by \$14.0 billion. (See Attachments I and II for figures and methodology.)

Does the Presidency Matter? — If the party affiliation of the President makes a difference in the amount of non-defense spending approved by Congress, the following table also calls conventional wisdom into question. One reasonable interpretation is that President Reagan was unlike other Republicans, before or since.

Table 2: Growth of Non-defense Appropriations by Presidency
Average annual percent change in real outlays, adjusted for timing shifts

Ford	Republican	1973-1977	7.2%
Nixon	Republican	1969-1973	4.3%
Bush	Republican	1989-1993	3.8%
Johnson	Democratic	1965-1969	2.7%
Carter	Democratic	1977-1981	2.2%
Clinton	Democratic	1993-2001	2.0%
Reagan	Republican	1981-1989	-1.3%

Table 2 also suggests that non-defense appropriations grew faster before the Congressional Budget Act (CBA) was in force. The CBA only came into force in FY 1977; non-defense appropriations grew an average of 4.7% per year before then and 1.4% per year thereafter. Excluding the pre-CBA years of the Nixon and Johnson administrations and part of the Ford Administration produces the following averages:

Table 3: Growth In Non-defense Appropriations Since the Budget Act

Average annual percent change in real outlays, adjusted for timing shifts

Republican presidents except Reagan	4.1%
Democratic presidents	2.1%
President Reagan	-1.3%

A Breakdown in the Congressional Budget Process — One possible explanation for the relative largess of the 106th Congress is that realistic targets promote greater restraint than unrealistically low targets. The Concord Coalition and Rep. John Porter, among others, have made this point.³ If the targets set in a budget resolution are unrealistically low, Congress may evade or ignore them, in which case the restraining effect of budget targets would disappear. This hypothesis is consistent with the observation that non-defense appropriations grew faster before the CBA than afterwards.

The congressional budget resolution became meaningless last year once the Leadership allowed its targets to be evaded at will by using gimmicks such as phony emergency designations, directed scorekeeping, and outlay delays. The same lack of meaningful constraint became applicable this year once the Leadership signaled that the target for appropriations in this year's budget resolution no longer had to be met. First the targets were evaded by timing shifts in the Supplemental Appropriations bill, and then they were abandoned entirely when the Leadership announced the so-called "90/10 plan," whose "constraints" are so generous they can accommodate a very considerable amount of spending increases.

³ "Spending caps should be retained, but raised to realistic levels. ... Without credible caps on discretionary spending, what comes next is likely to be a messy, arbitrary expansion of government spending based not on policy priorities but on interest group clout and the leverage of powerful legislators." Concord Coalition, Sept. 11, 2000.

"[The congressional budget resolution] was passed with Republican votes only. Now we get down to the end of the process and the White House and the Democrats do not feel bound whatsoever by this budget — there's no enforceable standard to limit spending." Rep. John Porter, *Roll Call*, Oct. 2, 2000.

Attachment I

Appropriations Break All the Limits

Congress has already approved spending bills totaling more than \$33 billion above its own budget plan and, in seven 2001 appropriations conference reports, above even the President's budget request. This spring, Congress wrote and passed a budget resolution that set appropriations targets \$59 billion above the appropriations caps for 2001. This fall, the House is ignoring that new, higher limit by approving \$620.5 billion in 2001 appropriations so far, \$20.2 billion in budget authority (BA) and \$14.0 billion in outlays above the budget resolution.

Taking into account the gimmicks that shift 2001 costs back into 2000 or forward into 2002, the House is \$33.1 billion in BA and \$19.2 billion in outlays above the targets in this year's budget resolution, as shown in the box to the right. This excess represents the levels that the House has approved even before the majority of appropriations bills are sent to the President. Those levels will only rise as Congress passes more appropriations conference reports. As displayed in the detailed "Appropriations This Session" table on the next page, appropriations for 2000, 2001, and 2002 all exceed the limits set in the budget resolution. By unmasking timing games, the three-year total shows the full extent that appropriations breach the budget resolution.

Appropriations Above the Budget Resolution Targets (dollars in billions)

	<u>BA</u>	<u>OL</u>
2000 appropriations	11.8	5.2
2001 appropriations	20.2	14.0
2002 appropriations	1.1	0.0
Total above target	33.1	19.2

Furthermore, eight of the nine appropriations conference reports to date provide outlays in excess of *the President's* 2001 budget. In total, the nine bills exceed the President's budget by \$11.4 billion, as displayed in the box to the left. The Supplemental Appropriations bill for 2000 also provided more than the President requested.

2001 Conference Reports Above the President's Request (dollars in billions)

<u>Outlays</u>	
Defense	4.275
Agriculture	3.560
Transportation	1.496
Interior	1.258
Energy & Water	0.674
VA-HUD	0.165
Mil. Construction	0.029
Treasury-Postal	0.017
Legislative Branch	-0.110

The so-called "90/10 plan" — to spend no more than 10 percent of the projected unified surplus for 2001 — will not serve as a real constraint on spending. On top of the spending approved already, it allows additional spending of \$23.0 billion of the surplus through either appropriations, tax cuts, or entitlements.

Appropriations This Session			
(Discretionary amounts in billions of dollars)			
	House Status	BA	Outlays
2000 Appropriations:			
Total, October 19	enacted	586.6	616.9
Budget Resolution Target		574.8	611.7
Amount Over Budget Resolution		11.8	5.2
2001 Appropriations:			
Agriculture	conferenced	18.7	18.2
Commerce - Justice - State	passed	34.9	35.8
Defense	enacted	287.6	277.8
District of Columbia	passed	0.4	0.4
Energy & Water	conferenced	23.6	23.0
Foreign Operations	passed	13.1	15.0
Interior	enacted	18.9	17.3
Labor - HHS - Education	passed	99.5	95.1
Legislative Branch	conferenced	2.6	2.6
Military Construction *	enacted	8.8	8.6
Transportation **	conferenced	17.7	49.0
Treasury - Postal Service **	conferenced	16.0	15.3
VA - HUD	conferenced	82.6	86.7
Net Effect of 2000 Supp *	enacted	-3.9	-5.7
Total, October 19		620.5	639.0
Budget Resolution Target		600.3	625.1
Amount Over Budget Resolution		20.2	14.0
2002 Appropriations (advance appropriations and outlay delays):			
Total, October 19		24.6	0.0
Budget Resolution Target		23.5	0.0
Amount Over Budget Resolution		1.1	0.0
Total Over Budget Resolution, 2000-2002		33.1	19.2
<i>Note: Figures may not add due to rounding.</i>			
<i>* MilCon does not include the effect of the 2000 supplemental, which was a combination of appropriations, rescissions, and timing shifts.</i>			
<i>** \$348 million in BA and \$217 million in outlays that were passed in Transportation appear instead in Treasury-Postal, which would normally include these items.</i>			

Attachment II

Methodology and Data

In this memorandum, all data and calculations reflect outlays (expenditures) rather than budget authority (funding). The data for this analysis were supplied by the Congressional Budget Office (CBO), which published historical and projected data on the standardized budget in June and August, 2000. CBO “standardizes” discretionary outlays by adjusting the dates on which federal employees are paid so that there will be the same number of pay periods each year. Occasionally, there will be 25 pay dates in one year and 23 in another, which distorts year-to-year comparisons of outlay growth. CBO’s standardized data corrects for this distortion.

CBO’s data on standardized outlays for fiscal years 2000 and 2001 do not reflect either the supplemental appropriations bill enacted in July or any of the 13 regular appropriations bills to be enacted this fall. Calculations for the 106th Congress and the Clinton Administration as a whole are therefore based on the following assumptions:

1. Before standardizing pay dates, this analysis assumes FY 2001 outlays for non-defense discretionary programs will total \$643.1 billion rather than the \$637.6 billion shown in CBO’s July baseline. The outlay figure of \$643.1 billion implies that the remaining appropriations bills (Labor-HHS-Education, Foreign Operations, Commerce-Justice-State, and District of Columbia) will cost only \$1.9 billion in outlay above the House-passed versions of these bills. The Appropriations Majority reports that the tentative conference agreement on the Labor-HHS-Education bill will add about \$7.5 billion in budget authority, so the estimate of \$1.9 billion in outlays is conservative.

House-passed appropriations 10/19 (CBO)	639.0
Convert from March to July estimates	+ 2.1
Allowance for Labor-HHS and other bills	<u>+ 1.9</u>
equals	643.1
<i>May not add due to rounding</i>	
2. The outlay figure of \$643.1 billion used in this analysis easily fits within the so-called “90/10 Plan” and is lower than the total suggested by Republican budget analysts,⁴ both additional indications that the figure is conservative.

CBO July baseline, FY 2001 outlays	637.6
Total assumed in this report	<u>643.1</u>
Amount of baseline surplus used	5.5
Note: surplus available under 90/10 plan	26.6
<i>May not add due to rounding</i>	
3. The outlay figure of \$643.1 billion is equivalent to \$649.4 billion in standardized outlays because the lower figure gives credit for two pay-date shifts that do not count when CBO standardizes outlays: a) a FY 2001 “savings” of \$4.2 billion from the shift of SSI and VA compensation and pension outlays out of FY 2001 and into FY 2000, and b) a provision in the supplemental appropriations bill that shifts a normally occurring military pay date out of FY 2001 and into FY 2000.

Assumed total of \$643.1 billion	643.1
Do not count SSI/VA pay-date shifts	+ 4.2
Do not count military pay-date shift	<u>+ 2.0</u>
equals standardized outlays	649.4
<i>May not add due to rounding</i>	
4. The split between defense and non-defense outlays is calculated based on the assumption that the levels

⁴ “GOP budget analysts say that total outlays — generated by the 13 annual appropriations bills — could reach \$645 billion in fiscal 2001, which begins Oct. 1.” David Rogers, *Wall Street Journal*, Sept. 21, 2000.

for the defense function have been determined by the defense, military construction, and energy-water appropriations bills and will not be subsequently changed.

This analysis converts from nominal to real outlays by using the implicit outlay deflators for non-defense discretionary programs used by OMB in its historical tables. Had this analysis not adjusted for inflation, outlay growth rates during years of high inflation (basically, the Nixon, Ford, and Carter years) would appear higher than they really are relative to growth rates in other years.

Average annual growth rates are calculated by comparing the level of spending at the end of a period with the level of spending at the end of the previous period. The Johnson Administration is the first administration fully covered by CBO's data.